STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of GAFURZHON KAMBAROV AND FREEDOM INSURANCE AGENCY LLC, Respondents.	Case No. INS-23-0011 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER

The Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), conducted an investigation of Gafurzhon Kambarov ("Kambarov") and Freedom Insurance Agency LLC ("Freedom Insurance Agency") (collectively, "Respondents"). The Division determined that Respondents violated provisions of Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750 ("Insurance Code") and the Oregon Administrative Rules ("OAR") promulgated under those laws.

Respondents wish to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signatures subscribed herein, Respondents hereby consents to entry of this order.

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FINDINGS OF FACT

The Director FINDS that:

1. Respondent Kambarov's National Association of Insurance Commissioners ("NAIC") national producer number is 19011996. Kambarov has been licensed as an Oregon resident insurance producer since January 7, 2019.

2. Respondent Freedom Insurance Agency is a domestic limited liability company

first registered with the Oregon Secretary of State on October 6, 2020. Freedom Insurance Agency's NAIC national producer number is 19820504. Freedom Insurance Agency has been licensed as an Oregon resident business entity insurance producer since March 2, 2021. Kambarov is the CEO and sole manager of Freedom Insurance Agency.

3. On October 1, 2021, the Office of the Insurance Commissioner of the State of Washington entered a final order revoking the insurance producer license of Freedom Insurance Agency for failing to add an affiliated individual licensee to act on its behalf (the "Washington State Final Order").

4. At no time did Respondents notify the Division about the Washington State Final Order.

5. On November 16, 2021, the Division sent an email to Kambarov to inform him that he was required to report the Washington State Final Order to the Division within 30 days of the disposition of that matter. The Division asked Kambarov to indicate whether he had filed an appeal of that order and otherwise to provide an explanation to the Division as to why he failed to affiliate a licensed producer as Washington requested. The Division requested a response no later than November 19, 2021. At no time did Kambarov reply to that email from the Division.

6. At all relevant times, American Family Insurance employed Respondent as an insurance producer.

7. On or about October 3, 2022, American Family Insurance sent a Termination for Cause letter to the Division to state that it had terminated the employment of Kambarov for cause as of September 12, 2022. In that letter, American Family Insurance stated it had conducted an internal investigation and determined, among other things, that Kambarov had received a premium payment from an Oregon resident into his personal bank account and that he failed to issue the policy or remit the funds prior to taking an extended vacation.

8. The foregoing premium payment was sent to Respondent from a family member

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for whom he had obtained a quote for homeowners insurance. Respondent had not finalized that quote with the family member prior to leaving for his planned vacation nor had he instructed the family member to make any payments, to his personal bank account or otherwise. Nevertheless, Respondent failed to timely return the premium payment or transfer it to an appropriate trust account for premium funds. American Family Insurance ultimately recouped the funds from Respondent and issued the policy to the Oregon resident.

9. On October 27, 2022, after being prompted by the Division, Kambarov filed a change of contact information with the Division, including a new business and residential address. Until then, his business address was that for American Family Insurance from which he was terminated.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

10. Under ORS 731.116, "person" means an individual or a business entity. For the purpose of this definition, "business entity" means a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity.

11. Under ORS 731.104, "insurance producer" means a person required to be licensed under the laws of this state to sell, solicit or negotiate insurance.

12. Kambarov is an "insurance producer" under ORS 731.104.

13. Freedom Insurance Agency is an "insurance producer" under ORS 731.104.

14. Under ORS 744.089(1), an insurance producer shall report to the any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state not later than the 30th day after the date of the final disposition of the matter. This report shall include a copy of the order, consent to order, and other relevant legal documents.

15. By failing to report the Washington State Final Order to the Director not later

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than 30 days after final disposition of the matter, Freedom Insurance Agency violated ORS 744.089(1).

16. Under ORS 744.068(4)(a), an insurance producer shall notify the Director not later than the 30th day after a change of address or telephone number of the principal place of business or any location at which the insurance producer transacts business under the license in this state.

17. By failing to notify the Director within 30 days after a change of business address, Kambarov violated ORS 744.068(4)(a).

18. Under ORS 731.296, the Director may address any proper inquiries to any insurer, licensee, or its officers in relation to its activities or condition or any other matter connected with its transactions. Any such person so addressed shall promptly and truthfully reply to such inquiries using the form of communication requested by the Director.

19. By failing to respond to the Division's inquiries in its November 16, 2021 email, Kambarov violated ORS 731.296.

20. Under ORS 744.083(1), all premium funds received by a resident insurance producer shall be accounted for and maintained in a trust account separate from all other business and personal funds.

21. By receiving premium funds into his personal account and not maintaining the same in a separate trust account, Kambarov violated ORS 744.083(1).

22. Under ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the Director may issue an order, directed to such person, to discontinue or desist from such violation or threatened violation.

23. Because the Director has reason to believe that Respondents have violated the Insurance Code, including ORS 744.089(1), ORS 744.068(4)(a), ORS 731.296, and ORS 744.083, the Director may issue an order directed to Respondents to discontinue or desist

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from those violations under ORS 731.252(1).

24. Under ORS 731.988(1) a person that violates any provision of the Insurance Code shall forfeit and pay to the General Fund of the State Treasury a civil penalty in an amount determined by the Director that does not exceed $10,000 for each offense. The civil penalty for individual insurance producers, adjusters or insurance consultants may not exceed $1,000 for each offense. Each violation is a separate offense.

25. Because Respondents have violated the Insurance Code, they are subject to a civil penalty under ORS 731.988(1).

ORDERS

The Director issues the following ORDERS:

Final Order to Cease and Desist

26. Pursuant to the authority of ORS 731.252(1), the Director hereby orders Respondents to CEASE AND DESIST from violating ORS 744.089(1), ORS 744.068(4)(a), ORS 731.296, and ORS 744.083.

Final Order to Assessing Civil Penalties

27. Pursuant to the authority of ORS 731.988(1), the Director hereby ORDERS the assessment of CIVIL PENALTIES against Respondents in the amount of $3,000 as follows:

A. $2,000 against Kambarov for violating ORS 744.068(4)(a), ORS 731.296, and ORS 744.083(1); and

B. $1,000 against Freedom Insurance Agency for violation ORS 744.089(1).

28. The Director SUSPENDS collection of the one thousand five hundred dollars ($1,500) of the foregoing civil penalties, provided that Respondent complies with this Consent Order and the Insurance Code.

29. Payment of the civil penalty shall be made in installments as follows:

A. At or prior to the time Respondents return this signed Consent Order,

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Respondents shall pay five hundred dollars ($500.00);

B. On or before September 15, 2023, Respondents shall pay five hundred dollars ($500.00); and

C. On or before October 15, 2023, Respondents shall pay five hundred dollars ($500.00).

30. The Director agrees to waive the foregoing suspended one thousand five hundred dollars ($1,500) of civil penalties at the end of a period of three (3) years from the date this Consent Order is fully executed provided that Respondents comply with all terms of this Consent Order and the Insurance Code. If Respondents fail to comply with the Insurance Code or otherwise fail to comply with the terms and conditions of this Consent Order within the foregoing period of three (3) years, then the one thousand five hundred dollars ($1,500) suspended civil penalty shall become immediately due and payable.

NONDISCHARGEABILITY

31. Respondents agree that the facts and violations set forth in this Order may be taken as true without further proof in any bankruptcy case or subsequent civil litigation the Director may pursue to enforce its rights to any payment or money judgment under the terms of this Order, including but not limited to any nondischargeablity complaint in any bankruptcy proceeding and that this Order shall have collateral estoppel effect in any bankruptcy case.

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FINAL ORDER

32. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any party not covered by this Order.

IT IS SO ORDERED.

Dated this 12th day of, 2023 September.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Gafurzhon Kambarov, have read the foregoing Consent Order and I fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. I voluntarily consent to the entry of this Consent Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this order. I understand that this is a "Final Order" under ORS 183.310(6)(b). I understand that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery that I have committed other violations of the Insurance Code. I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

Signature: /s/ Gafurzhon Kambarov

Name: Gafurzhon Kambarov

State of Oregon

County of Multnomah

Signed or attested before me on this 01 day of September, 2023 by Garfurzhon Kambarov.

/s/ Duke Tran

Notary Public

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CONSENT TO ENTRY OF ORDER

I, Gafurzhon Kambarov, state that I hold the title of Owner and Manager and I am an authorized representative of Freedom Insurance Agency LLC ("Freedom Insurance") with the authority to sign this Consent Order. I have read the foregoing Consent Order and I fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Freedom Insurance voluntarily consents to the entry of this Consent Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this order. Freedom Insurance understand that this is a "Final Order" under ORS 183.310(6)(b). Freedom Insurance understands that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery that it has committed other violations of the Insurance Code. Freedom Insurance will fully comply with the terms and conditions stated herein.

Freedom Insurance understands that this Order is a public document.

Signature: /s/ Gafurzhon Kambarov

Name: Gafurzhon Kambarov

Title: Owner and Manager

State of Oregon

County of Multnomah

Signed or attested before me on this 01 day of September, 2023 by Garfurzhon Kambarov.

/s/ Duke Tran

Notary Public

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